

# Evaluation of entrepreneurship monitoring in An Giang Province, Vietnam

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## Abstract

Entrepreneurship monitoring has attracted the attention of researchers, government, international organizations and investors. The role of start-up to the development of a country is increasingly confirmed through many research projects. The term of entrepreneurship monitoring (EM) started with different views depending on the approach. In this paper, EM will be analyzed on the access framework of the Global Entrepreneurship Research Association (GERA). The main objective of this analysis is to evaluate the EM of An Giang province basing on the evaluation vision of experts judgment via the approach framework from GERA.

The research results showed that two factors of finance for start-up and education at high school are two barriers in entrepreneurship monitoring. On the contrary, the strengths are the dynamics of the domestic market, infrastructure and culture-social norms for start-ups. Based the result, this study recommended that An Giang should pay attention to some of the following policy groups as: [1] supporting capital for start-up and developing businesses; [2] increasing education and training on start-up skills in secondary and high school; and making priority policies to start a new business and start-up environment.

**Keywords:** *entrepreneurship monitoring, An Giang startup, startup policies of Vietnam, global entrepreneurship research association*

## 1. Introduction

Entrepreneurship is seen as an important tool (Ács, Desai and Klapper, 2008), a driving force (Bjørnskov and Foss, 2013) for economic growth (Baumol and Strom, 2007) and poverty reduction (Bruton, Ahlstrom and Si, 2015). Entrepreneurship monitoring (EM) is emerging as a tendency of the recent studies (Alvedalen and Boschma, 2017; Roundy, Bradshaw and Brockman, 2018; Malecki, 2018).

The norm of EM is identified in various views depending on theories approach. According to Stam (2015) "EM is a combination of interdependent factors that was linked by the ways to start a business. Meanwhile, Mason and Brown (2014) suggested that EM is a collection of interconnections in between the three components of entrepreneurship including as potential and current, start-up organizations and agencies in order to conduct the start-up process. Also, Acs, Szerb and Lloyd (2017) indicated that EM is the "heart of start-up system", these entrepreneurs are affected by their attitudes, abilities and spirit factors. In this study, EM applies the framework approach of Global Entrepreneurship Research Association (GERA) in order to evaluate and compare the index of Global Entrepreneurship Monitor (GEM). According to Ács, Desai and Klapper (2008), GEM has more advantage evaluation of potential business than other assessment methods.

## 2. Data collection and approaching method

### 2.1. Approach to measure the startup ecosystem of GEM

Every year, GEM evaluates a country's start-up based on two surveys. National Expert Surveys (NES) with the participation of a minimum of 36 adult experts and investigators (APS: Adult Population Surveys) around starting a business with a minimum number of levels 2,000 people aged 18 to 64 (Kelly, Singer and Herrington, 2016).

APS measures the potential for start-up to the early stages of entrepreneurship (TEA: Total Early-stage Entrepreneurial Activity). Specifically, business potential is measured by the awareness of capacity (knowledge, skill and experience), business opportunities in living areas and risks (fear of failure), potential for business participation within the next 3 years. The inception phase includes the percentage of TEA, business motivation (because of necessity or because of no better opportunity), main start-up areas and business prospects (product creativity such as novelty to consumers or few or similar suppliers; and international orientation such as at least 25% of customers international).

The NES assessments focus primarily on nation's entrepreneurial system such as policy, finance, culture, logistics, human capital, market, etc. that will be evaluated by statements and Likert's scale of 9 levels (1: completely wrong and 9: absolutely right). With this scale, point 5 is the average. If the expert judges at this point, it means neutral. GEM evaluates these 9 pillars through 54 statements as follows.

- (1) Business finance - including 8 statements.
- (2) Government policies include 2 groups: (2a) Government support policy - including 03 statements; and (2b) Taxes and administrative procedures - including 04 statements.
- (3) Government program - including 06 statements.
- (4) Education and training consist of 2 groups such as (4a) High school business education - including 03 statements; and (4b) High-level business education - including 03 statements.
- (5) Technology transfer - including 06 statements.
- (6) Business support services - including 05 statements.
- (7) Openness of the domestic market consists of 2 groups (7a) Dynamic domestic market - including 03 statements; (7b) Openness of the domestic market - including 03 statements.
- (8) Infrastructure - including 05 statements.
- (9) Culture and social norms - including 05 statements.

## *2.2 Entrepreneurship monitoring database*

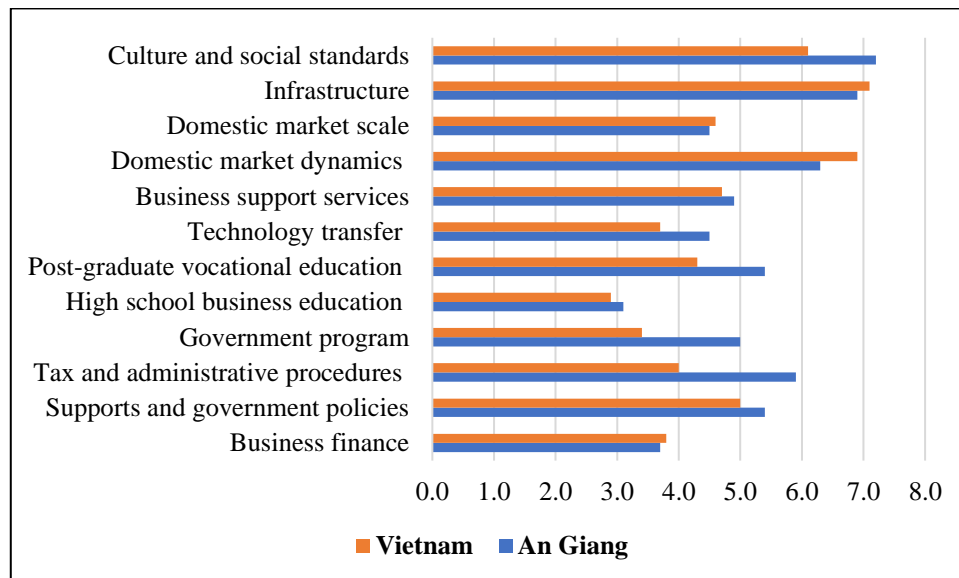
Database of Vietnam, Indonesia, Malaysia, Thailand were collected from secondary data that was published by GERA. While, the database of EM in Vietnam and 03 regional countries were collected from 2013 to 2017 by the annual global reports from GEM.

The primary data in An Giang was collected by field survey. These questionnaires survey was permitted by Vietnam Chamber of Industry and Trade (VCCI) – a member of GERA. This survey was conducted from October to November 2017, making a total is 36 experts depending purposefully evaluate 9 pillars and each pillar had a minimum of 4 experts.

## **3. The Analysis of EM in Vietnam and in An Giang**

### *3.1 EM in Vietnam*

The environment of Vietnam's EM has significant changed in between 2013 and 2017. In a total of 12 criteria groups of 9 pillars, 4 criteria groups were evaluated by or above 5 points in the 9-point scale (Figure 1). The evaluation of experts in 2017 included infrastructure (7.11 points), domestic market dynamics (6.91 points) and culture and standards (6.05 points), respectively. The pillars are evaluated as little changed or even lower or unchanged including high school business education (2.89 points), government program (3.39 points), technology transfer (3.67). Besides, a few groups are also underestimated such as business finance (3.79 points), tax and administrative procedures (4.03 points) as well as post-graduate vocational education (4.32 points).



**Figure 1.** EM of An Giang and Vietnam

There was significant different on EM if compared to Malaysia, Indonesia and Thailand. In terms of average, the criteria groups are lower than those of other countries without infrastructure, services and culture and social norms.

The groups of criteria for education and training along with finance for start-up can see the "dark region" of Vietnam. Access to finance is seen as a leading obstacle for small and medium enterprises in Vietnam (World Bank, 2015), some other studies (Benzing, Chu and Callanan, 2005; Zhu et al., 2015) and the situation of developing countries (Panda and Dash, 2014). Similarly, the business education segment encourages creativity, independence, personal initiative, a basic description of market economy knowledge (for general education) and lack of adequate preparation. Knowledge and skills for business formation and development from higher education (intermediate, college, university).

**Table 1.** EM in Vietnam and in other countries and ASEAN

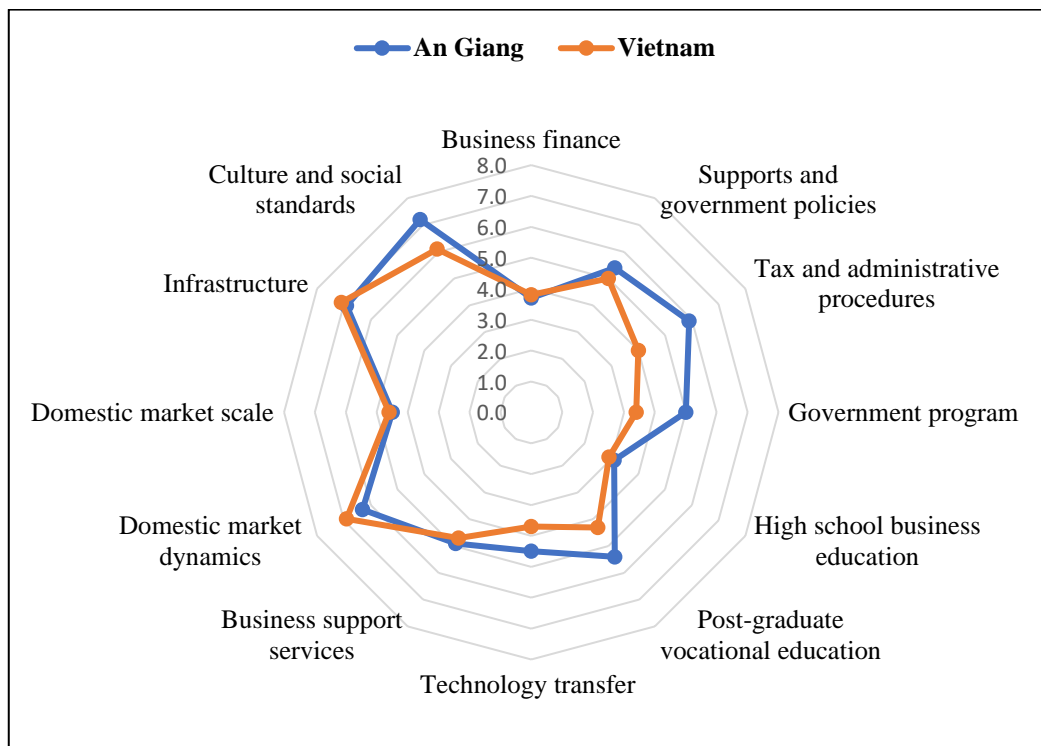
Indicators	Vietnam	Indonesia	Malaysia	Thailand	ASEAN*
Business finance	3.70	5.32	5.78	4.54	5.21
Supports and government policies	4.75	5.15	5.13	4.14	4.81

Tax and administrative procedures	4.28	4.34	4.53	4.03	4.30
Government program	3.65	4.65	5.16	3.65	4.49
High school business education	2.74	4.45	3.79	3.33	3.85
Post-graduate vocational education	4.26	5.82	5.01	4.69	5.17
Technology transfer	3.82	4.50	4.53	3.77	4.27
Business support services	4.75	5.21	5.40	5.14	5.25
Domestic market dynamics	6.35	6.54	6.06	6.48	6.36
Domestic market scale	4.24	4.86	4.69	4.14	4.56
Infrastructure	6.66	5.90	7.13	6.63	6.55
Culture and social standards	5.49	5.73	5.60	5.13	5.49
<p><b>Note:</b> (*) Average in 03 countries: Indonesia, Malaysia and Thailand</p> <p>Measurement scale was converted as 9 level (1 = very low; 9 = very good) in between 2013 and 2014 (original measurement scale is 5 that was measured by measurement into scale 9 as follows.</p> <p>- Step 1, linear conversion of the original scale to a value of 0 to 1;</p> <p>- Step 2, convert into scale 9 (chi tiết Kenny, 1987, p.76), converted formula as <math>2 * X - 1</math></p>					

### 3.2 Entrepreneurship Monitoring in An Giang

According to surveyed results, experts assessed that accounting for 46.3% (25 indicators) of 54 indicators were assessed below the average of the 9-point scale (i.e. less than 5 points). Group of indicators were identified weakness such as 9 criteria below 4 points including 4 criteria in financial factors (capital through IPO-2.0 points, venture capital sources-2.3 points, respectively); private investment-3.5 points, enough funding to subsidize from government-3.8 points; 2 indicators in the factor of high school education (guiding the principles of market economy-2.3 points, paying due attention to starting and doing business-2.5 points, respectively); 2 targets in technology transfer (eligible to apply the latest technology-3.9 points, effective support from science and technology facilities-3.9 points) and indicator of “new businesses startups and growing businesses are able to afford the cost of using subcontractors, suppliers and consultants”-3.7 points in the business support service element.

The group of indicators was assessed as strong including 5 indicator groups that evaluated above 7 points. There were 3 groups of indicators as socio-cultural standard (supporting successful individuals through their efforts-8.1 points, encouraging creativity and innovation-7.7 points, highlighting independence, autonomy and initiative-7.4 points) and 2 indicators for infrastructure factors (good communication within a week - 7.8 points, can get good communication system at less expensive cost-7.25 points).



**Figure 2.** EM of An Giang and Vietnam in 2017

Figure 2 shows the 9 pillars of the startup ecosystem in An Giang in the evaluation of experts in 2017. Generally, the experts have more "optimistic" view than the overall picture of Vietnam. The groups of factors affecting An Giang's startup environment were assessed by local experts higher than the average of Vietnam (excepting for factors of market dynamics, infrastructure and differences significant on market scale factors).

Financial factors and high school education were two groups that interfere with the startup environment in An Giang in general context. Specially, the financial-related factors identified by experts including availability of capital through initial stock issuance, venture capital, capital from the government, individual investors. Also, although the indicators "eligible to apply latest technology"-3.9 points; "be able to withstand market entry cost"-4.1 points, was not classified as a financial factor but financial security was a prerequisite that start-up businesses and growing need. The remaining education-related factors including guiding market economy rules and paying attention to start-up and business.

#### 4. Conclusion and Recommendation

The analysis results in the above sections show the general picture of entrepreneurship ecosystem in Vietnam as well as specifically in An Giang. The assessment experts for the whole country and the local experts evaluated separately for An Giang showed that two factors of finance for start-up and education at high school might two barriers in the current ecosystem. On the contrary, the strengths that experts agreed as the dynamics of the domestic market, infrastructure and culture-social norms for startups.

To improve the starting environment in An Giang, government should pay attention to some of the following policy groups as follows.

- (1) Supporting capital for start-up and developing enterprises
  - (2) Education and training to change the environment and the way of receiving in the education system of high school education is necessary. The way of thinking and creative education needs to replace passive teaching and learning methods with heavy imposition.
  - (3) The policies should be detailed and synchronous in order to facilitate implementation. Each locality will have its own unique characteristics, so the given policies must take advantage of local advantages.
  - (4) The provincial government should create a unique focal point for startups and new businesses so that entrepreneurs can access all relevant information (i.e. policies, capital, advice, legal procedures, information) on domestic and foreign markets, on time and avoid overlapping too many agencies.
- In addition, government should continue and complete infrastructure to create favorable conditions for business environment, facilities for "business incubators".

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